



# STATE OF IOWA

CHESTER J. CULVER, GOVERNOR  
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DEPARTMENT OF HUMAN SERVICES  
KEVIN W. CONCANNON, DIRECTOR

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## GENERAL LETTER NO. 11-J-3

ISSUED BY: Bureau of Collections,  
Division of Child Support Recovery, Case Management, and Refugee Services

SUBJECT: Employees' Manual, Title 11, Chapter J, **FEDERAL OFFSETS AND  
PASSPORT SANCTIONS**, Contents (page 3), revised; and pages 59 through  
61, revised.

### Summary

This chapter is revised to describe an option for an obligor to use the overage from a federal tax offset to pay other support due.

### Effective Date

Upon receipt.

### Material Superseded

Remove the following pages from Employees' Manual, Title 11, Chapter J, and destroy them:

<u>Page</u>	<u>Date</u>
Contents (page 3)	March 11, 2005
59-61	March 11, 2005

### Additional Information

Refer questions about this general letter to your regional collections administrator.

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**Account Type Should Be 10, 11, 12, 13, 18, 40, 41, 42, 43, or 48**

Change the account to the correct account type. During the nightly batch process one business day after the correction, ICAR allocates the money to the certified past-due support if the offset is not rejected for some other reason.

**Working a Federal Offset Over-Collection**

**Legal reference:** 441 IAC 95.7(8)“b”

If you correct cases on the electronic rejected receipts lists (distributed in Microsoft Excel format) according to the previous instructions, and amounts are still due the obligor, you must notify the obligor of the over-collected amount and of the options available. The obligor may request the Unit either to:

- ◆ Refund the over-collection from the federal offset, or
- ◆ Apply the over-collection to the other support due.

Any over-collection must be returned to the obligor unless the obligor asks the Unit, in writing, to apply the funds to the other support due. You must return the money within 30 days of verifying the offset amount. Verification occurs when the Unit receives a collections file from OCSE containing the obligor’s name and the amount of the federal tax refund or federal administrative payment.

Complete and send forms 470-2082, *Federal Offset Refund Form*, and 470-2083, *Federal Offset Refund Form Cover Letter*, to the obligor.

- ◆ The *Federal Offset Refund Form* allows the obligor to ask us to either return the over-collection or apply the money to other support due. It also contains an agreement to repay the Unit if IRS or FMS requires repayment.
- ◆ The *Federal Offset Refund Form Cover Letter* explains that the obligor should sign the *Federal Offset Refund Form* in front of a notary public and return it within ten days to ensure timely and accurate processing of the over-collection.

You must send these forms to the obligor when refunding an overpayment for the current tax-processing year or a previous tax processing year. See 11-W, [SPECIAL ABSTRACTS AND REFUNDS](#), for procedures on processing the refund.

Set a calendar flag on the case for 20 days from the date on the *Federal Offset Refund Form* as a reminder to process the obligor's refund.

If the obligor returns a request to apply the over-collection to other support due, check the form for the obligor's signature. If the obligor signed the request, notify CSC of the request and file the document in the case file or image the form. CSC staff enters an override to allow ICAR to apply the money. If the obligor did not sign the request do not notify CSC. Instead, contact the obligor to give the obligor the option to sign the request.

At the end of 20 days, you must complete the steps to return the over-collection unless the obligor provided a signed request to apply the money to other support due. Get your supervisor's or other authorizing worker's approval by the Process Refund (PRREFUND) screen. ICAR issues a narrative FED49 to document the refund of an overpayment.

Complete the refund even if the obligor did not return the *Federal Offset Refund Form* or even if the returned form is not notarized. If the obligor returned the *Federal Offset Refund Form*, place it in the case file or image the form.

If the obligor did not return the *Federal Offset Refund Form*, or the post office returns the form as "undeliverable," note in the PRREFUND screen COMMENT field that you sent the *Federal Offset Refund Form* to the last known address of the obligor. Include in your comment the mailing date and state that the obligor has not signed or returned the form.

If the obligor returns the signed *Federal Offset Refund Form* after you submitted the request for a refund, but before the refund is processed, update the PRREFUND screen. If the obligor asks us to apply money to other support due, cancel the refund and notify CSC. Manually narrate the event and place the form in the case file or image the form.

If you receive the signed request to apply the over-collection after the refund process is complete, manually narrate the event and destroy the form.

**Note:** Regardless of whether the obligor has returned the *Federal Offset Refund Form*, CSC accounting staff processes and issues the payment when it receives the approved refund information from your authorizing worker.

ICAR certifies a past-due support obligation of \$1,000.00 for an account type 11. FMS offsets \$1,000.00 from the obligor's federal income tax refund and forwards it to ICAR.

During the time between the last certification update and receipt of the offset, the obligor's state income tax refund reduced the certified past-due support by \$200.00. Furthermore, the obligor accrued \$500.00 in past-due support after certification.

ICAR receives \$1,000.00 of the obligor's federal income tax refund. **Note:** Although the total past-due support exceeds the federal refund offset, the Unit may retain only \$800.00 of the offset (the unpaid portion of the certified past-due support).

The worker has the address of the obligor. The worker sends the obligor form 470-2082, *Federal Offset Refund Form*, to sign and return. The obligor signs the form and returns it to the local office within 25 days. The obligor does not request that CSC allocate the excess to the past-due support accrued since the Unit certified the case.

Result: After the worker receives form 470-2082 and the PRREFUND process is complete, CSC issues the excess \$200.00 to the obligor.

### **Adjustments to Federal Offset Receipts**

**Legal reference:** 31 CFR 285.3(g)

After ICAR receives an obligor's offset from FMS, several types of adjustments may change the amount of the offset allocated to past-due support on a case. ICAR displays the adjustment reason code on the PAYHIST screen and issues narrative FED52 documenting the adjustment. The adjustment reason codes include:

- ◆ **Reason code 22, IRS adjustment:** FMS returned the portion of the offset claimed by the injured spouse. An obligor who files separately, whether single, head of household, or married, also may file an amended tax return that adjusts the refund.
  - If the amended return increases the refund, the change does not affect the offset payment. However, the Unit may receive additional funds by federal tax offset.
  - If the amended return reduces the refund, the Unit must return to FMS the portion of the offset due as taxes.
- ◆ **Reason code T, transfer:** CSC accounting staff transferred the offset or a portion of the offset to another ICAR account.
- ◆ **Reason code D, offset returned to obligor:** All or a portion of the offset exceeded the certified past-due support. After receiving a refund request from the worker, CSC sends the obligor the amount of the overage.